

November 7, 2013

*Ex Parte Notice*

Ms. Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, SW  
Washington DC, 20554

Re: E-Rate Reform, WC Docket No. 13-184

Dear Ms Dortch:

On November 5, 2013, Greg Green, CEO of FatBeam, joined by Angie Kronenberg, Alan Hill, and Jenny Gilbert, from COMPTTEL, met with the Commission's WCB and OSP staff, including Lisa Hone, Regina Brown, James Bachtell, Mark Walker, Chas Eberle, Jon Chambers, and Nick Alexander.

During the meeting, Mr. Green discussed the Commission's efforts to modernize the E-Rate program, providing the attached reply comments filed by FatBeam and testimonials from school districts. Mr. Green expressed his support for the program, describing how the program is working to meet the broadband needs of schools and libraries, and his belief that certain changes can be enacted to ensure that school districts continue to benefit from the E-Rate program. Mr. Green discussed the importance of retaining the competitive bidding process, as it encourages competition, which in turn, reduces the costs incurred by the Fund and the school districts.

Mr. Green spoke about FatBeam's current business model to compete for contracts to serve school districts in third and fourth tier markets (with area populations ranging from 1,700 to 100,000) in the States of Washington, Oregon, Idaho, and Wyoming. In the last three years, FatBeam has won fiber contracts in 17 markets and is currently serving 15 school districts. Mr. Green explained that together, he and his partner have invested approximately \$10 million of private capital into FatBeam's fiber networks to serve these schools. They continue to grow the business and are seeking to add a handful of school districts each year.

In particular, Mr. Green discussed FatBeam's construction of a fiber network for the Yakima, Washington school district, which has a total of 15,627 students. FatBeam was able to increase bandwidth speeds the school district was leasing from 1 Gigabit "shared," to 20 Gigabit "dedicated," while simultaneously saving the school district \$92,940 annually on its service contract. In addition, Mr. Green emphasized how the entire community can benefit from the fiber builds. First, FatBeam's construction of fiber to the schools typically is the initial and only fiber network that is made available to them, offering higher speeds and more robust services than previously provided. Second, other community anchor institutions, such as police and fire departments and other government entities, and small businesses in these communities are

offered high-speed broadband service on FatBeam's network, resulting in many benefits to these communities.

With respect to reforming the E-rate program, Mr. Green emphasized that additional time is essential to the competitive bidding process, noting that when given advanced notice, FatBeam is able to save the Fund, and the school districts, a significant amount of money, while offering greater capacity to schools. Mr. Green supplied statistical data supporting FatBeam's position, which demonstrated schools that the company serves as part of the E-Rate program were able to save anywhere from \$650,580, to \$2.4 million over a contract term.

Mr. Green explained that the FCC should consider ways to further educate recipients on how to attract competitive bids in order to help them and the Fund save money. He described that in one instance a recipient gave limited time (only three months) for completion of a fiber project, which resulted in only one bid. He explained that projects proposed with stringent time limitations create a natural advantage to the larger companies which already have a footprint or are able to build more quickly than the smaller competitors. The result is that the cost savings that competitors could offer are lost for the recipients and the Fund. To that end, Mr. Green described how additional education for recipients about the types of services that can meet the needs of schools and libraries and the time needed for planning and competitive bidding would be beneficial for maximizing the efficiency of the program.

Mr. Green also mentioned the need for an overlap in funding where recipients plan to replace their current service with a new fiber network. Allowing for some overlap of funding where the recipient and the Fund ultimately will be saving money and gaining faster speeds by new fiber builds, would attract more competitors and incent recipients to consider replacing their current inadequate service with new fiber.

Additionally, Mr. Green suggested increased transparency where USAC withholds funds. Currently, when funding is held, no explanation is offered, and providers do not have the opportunity to resolve issues in a timely manner. As such, it is a hardship on providers when funding is withheld. Mr. Green proposed developing a transparent process that would provide ample opportunity for the company in question to resolve the issue with USAC.

In closing, Mr. Green reiterated his support for the E-rate program and his appreciation for the agency's effort to improve the program in its reform proceeding.

Respectfully submitted,

*/s/ Angie Kronenberg*

Attachments

cc: Lisa Hone  
Regina Brown

James Bachtell  
Mark Walker  
Chas Eberle  
Jon Chambers  
Nick Alexander